



RESORT LIQUOR LICENSES: MYTH vs. FACT

Myth: The resort liquor license program has flooded the market with liquor licenses, and takes away from the value of other licensees' investments.

Fact: In reality, statute puts numerous limits on the licenses. For those restaurants that put a minimum \$75,000 capital investment into their facility, there are a total of 10 licenses available. For those restaurants that put a minimum \$1.5 million capital investment into their facility, there are a total of 20 licenses available. In the past 3 years, the Liquor Control commission has not even come close to giving out the total number of licenses that are allotted to the resort liquor license program. In 2004, the LCC distributed a total of 11 licenses, in 2003, they distributed a total of 11 licenses, and in 2002 they distributed a total of 22 licenses. Again, every year they have a total of 30 licenses they can distribute, meaning that they have not come close recently to reaching their maximum allotment.

Myth: Prospective licensees use resort licenses as a way to avoid paying multiple thousands of dollars for a liquor license.

Fact: Resort licenses are only available in those areas where the population limits are such that there are no licenses available, either active or in escrow. If the LCC determines that the prospective licensee has done an exhaustive job in searching for the licenses, then the application process continues.

Myth: Anyone can get a resort liquor license.

Fact: Not true. First, a licensee must prove to the LCC that they have done an exhaustive search of either active or escrowed liquor licenses and prove that none were available to them. After the capital investment requirements described above have been met, the prospective licensee must go through the same application process that a normal Class C (sales of beer, wine, distilled spirits for on-premises consumption) licensee goes through. This includes getting local legislative approval, police approval, a variety of insurance-related requirements, etc. Finally, the LCC has final say in determining if the liquor license is issued. If the LCC feels that it is a misuse of the resort license program, they have the ability to deny the application.

Also, because these licenses are outside of the state's quota system, criteria have been established to identify which establishments are eligible to receive such a license. First, the establishment's business is designed to attract and accommodate tourists and visitors to an area; and second, the establishment's primary business is not the sale of alcoholic liquor.

Myth: Resort liquor licenses are the same as Class C liquor licenses.

Fact: Resort licenses are much different than Class C licenses, and hold much less value than a typical Class C license. Resort licenses are different in one key way: they cannot be transferred to another person or property. This restriction was put in place to prevent licensees from abusing the resort license system. In addition, applicants for these licenses, unlike traditional quote licenses, must demonstrate capital investments in the business of either \$75,000 or \$1.5 million.